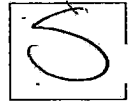


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-03912A
Narvol D. Bales dba Sunizona Water Company
5416 E. Hwy 181
Pearce, AZ 85625

RECEIVED

MAR 19 2007

AZ CORP COMM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

| | | |
|----|----|------|
| 12 | 31 | 2006 |
|----|----|------|

FOR COMMISSION USE

| | |
|--------|----|
| ANN 04 | 06 |
|--------|----|

PROCESSED BY:

3-19-07 RA

SCANNED

5-11-07

COMPANY INFORMATION

| | | |
|---|--|--|
| Company Name (Business Name) <u>Sanizona Water Co</u> | | |
| Mailing Address <u>5416 E HWY 181</u> (Street) | | |
| <u>Pearce</u> (City) | <u>AZ</u> (State) | <u>85625</u> (Zip) |
| <u>520-824-3616</u> Telephone No. (Include Area Code) | <u>Same</u> Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) |
| Email Address <u>dbales@vtc.net</u> | | |
| Local Office Mailing Address <u>5416 E HWY 181</u> (Street) | | |
| <u>Pearce</u> (City) | <u>AZ</u> (State) | <u>85625</u> (Zip) |
| <u>520-824-3616</u> Local Office Telephone No. (Include Area Code) | <u>-</u> Fax No. (Include Area Code) | <u>-</u> Pager/Cell No. (Include Area Code) |
| Email Address _____ | | |

MANAGEMENT INFORMATION

| | | | | |
|--|---|--|-----------------------|-------------------------|
| Management Contact: <u>Narvel Dean Bales</u> (Name) | | | | <u>Owner</u> (Title) |
| <u>5416 E HWY 181</u> (Street) | <u>Pearce</u> (City) | <u>AZ</u> (State) | <u>85625</u> (Zip) | |
| <u>520-824-3616</u> Telephone No. (Include Area Code) | <u>-</u> Fax No. (Include Area Code) | <u>-</u> Pager/Cell No. (Include Area Code) | | |
| Email Address _____ | | | | |
| On Site Manager: _____ (Name) | | | | |
| _____ (Street) | _____ (City) | _____ (State) | _____ (Zip) | |
| _____ Telephone No. (Include Area Code) | _____ Fax No. (Include Area Code) | _____ Pager/Cell No. (Include Area Code) | | |
| Email Address _____ | | | | |

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

| | | | |
|------------------------------------|-----------------------------|------------------------------------|-------|
| Statutory Agent: <u>N/A</u> | | | |
| (Name) | | | |
| (Street) | (City) | (State) | (Zip) |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) | |
| Attorney: _____ | | | |
| (Name) | | | |
| (Street) | (City) | (State) | (Zip) |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) | |

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input checked="" type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

UTILITY PLANT IN SERVICE

| Acct. No. | DESCRIPTION | Original Cost (OC) | Accumulated Depreciation (AD) | O.C.L.D. (OC less AD) |
|--------------|---|-----------------------|-------------------------------------|--------------------------|
| 301 | Organization | | | |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | | | |
| 304 | Structures and Improvements | 1250 ⁰⁰ | 30. ⁶³ | 1219. ³⁷ |
| 307 | Wells and Springs | 15031 ⁶⁷ | 446 ⁴⁴ | 14585 ²³ |
| 311 | Pumping Equipment | 14641 ³⁰ | 778 ⁷⁸ | 13862 ⁵² |
| 320 | Water Treatment Equipment | | | |
| 330 | Distribution Reservoirs and Standpipes | 1508 ³⁵ | 27. ⁶⁵ | 1480 ⁶⁰ |
| 331 | Transmission and Distribution Mains | 23965 ⁰⁰ | 23965 ⁰⁰ | — |
| 333 | Services | 3829 ⁶⁹ | 116 ⁸¹ | 3712 ⁸⁸ |
| 334 | Meters and Meter Installations | 1265 ³⁵ | 50 ²⁵ | 1215 ⁰⁰ |
| 335 | Hydrants | | | |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | | | |
| 340 | Office Furniture and Equipment | 1138 ³² | 61. ⁶⁸ | 1076 ⁶⁴ |
| 341 | Transportation Equipment | 5300 ⁰⁰ | 1060 ⁰⁰ | 4240 ⁰⁰ |
| 343 | Tools, Shop and Garage Equipment | | | |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | 1600 ⁰⁰ | 80 | 1520 ⁰⁰ |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | 474 ⁸⁰ | 25. ²⁰ | 449 ⁶⁰ |
| 348 | Other Tangible Plant | | | |
| | TOTALS | 70,004 ²⁸ | 26642 ⁴⁴ | 43,361 ⁸⁴ |

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

| Acct. No. | DESCRIPTION | Original Cost (1) | Depreciation Percentage (2) | Depreciation Expense (1x2) |
|--------------|--|----------------------|-----------------------------------|----------------------------------|
| 301 | Organization | | | |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | | | |
| 304 | Structures and Improvements | 1250 ⁰⁰ | 2.45 | 30 ⁶³ |
| 307 | Wells and Springs | 15,031 ⁶⁷ | 2.97 | 446 ⁴⁴ |
| 311 | Pumping Equipment | 15,420 ⁶⁰ | 5.05 | 778 ⁷¹ |
| 320 | Water Treatment Equipment | — | | |
| 330 | Distribution Reservoirs and Standpipes | 1535 ⁹⁰ | 1.80 | 27 ⁶⁵ |
| 331 | Transmission and Distribution Mains | 23,965 ⁰⁰ | 2.20 | 23,965 ⁰⁰ |
| 333 | Services | | | |
| 334 | Meters and Meter Installations | 714 ⁰⁰ | 3.82 | 27 ²¹ |
| 335 | Hydrants | | | |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | | | |
| 340 | Office Furniture and Equipment | 50, ⁰⁰ | 5.14 | 2,57 |
| 341 | Transportation Equipment | | | |
| 343 | Tools, Shop and Garage Equipment | 279 ⁰⁰ | 4.75 | 13. ²⁵ |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | | | |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | | | |
| | TOTALS | 58,245 ⁵⁷ | | 25291, ⁵² |

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

COMPANY NAME

BALANCE SHEET

| Acct No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|-------------|---|------------------------------------|------------------------------|
| | ASSETS | | |
| | CURRENT AND ACCRUED ASSETS | | |
| 131 | Cash | \$ 10,285.00 | \$ 5,197.35 |
| 134 | Working Funds | | |
| 135 | Temporary Cash Investments | | |
| 141 | Customer Accounts Receivable | 18,737.63 | 13,929.67 |
| 146 | Notes/Receivables from Associated Companies | | |
| 151 | Plant Material and Supplies | 3544.11 | 10,520.21 |
| 162 | Prepayments | | |
| 174 | Miscellaneous Current and Accrued Assets | | |
| | TOTAL CURRENT AND ACCRUED ASSETS | \$ 32,566.74 | \$ 29,647.23 |
| | FIXED ASSETS | | |
| 101 | Utility Plant in Service | \$ | \$ |
| 103 | Property Held for Future Use | | |
| 105 | Construction Work in Progress | | |
| 108 | Accumulated Depreciation – Utility Plant | | |
| 121 | Non-Utility Property | | |
| 122 | Accumulated Depreciation – Non Utility | | |
| | TOTAL FIXED ASSETS | \$ | \$ |
| | TOTAL ASSETS | \$ | \$ |

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

BALANCE SHEET (CONTINUED)

| Acct. No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|--------------|---|------------------------------------|------------------------------|
| | LIABILITIES | | |
| | CURRENT LIABILITIES | | |
| 231 | Accounts Payable | \$ | \$ |
| 232 | Notes Payable (Current Portion) | | |
| 234 | Notes/Accounts Payable to Associated Companies | | |
| 235 | Customer Deposits | | |
| 236 | Accrued Taxes | | |
| 237 | Accrued Interest | | |
| 241 | Miscellaneous Current and Accrued Liabilities | | |
| | TOTAL CURRENT LIABILITIES | \$ | \$ |
| | LONG-TERM DEBT (Over 12 Months) | | |
| 224 | Long-Term Notes and Bonds | \$ | \$ |
| | DEFERRED CREDITS | | |
| 251 | Unamortized Premium on Debt | \$ | \$ |
| 252 | Advances in Aid of Construction | | |
| 255 | Accumulated Deferred Investment Tax Credits | | |
| 271 | Contributions in Aid of Construction | | |
| 272 | Less: Amortization of Contributions | | |
| 281 | Accumulated Deferred Income Tax | | |
| | TOTAL DEFERRED CREDITS | \$ | \$ |
| | TOTAL LIABILITIES | \$ | \$ |
| | CAPITAL ACCOUNTS | | |
| 201 | Common Stock Issued | \$ | \$ |
| 211 | Paid in Capital in Excess of Par Value | | |
| 215 | Retained Earnings | | |
| 218 | Proprietary Capital (Sole Props and Partnerships) | | |
| | TOTAL CAPITAL | \$ | \$ |
| | TOTAL LIABILITIES AND CAPITAL | \$ | \$ |

COMPANY NAME

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

| Acct. No. | OPERATING REVENUES | PRIOR YEAR | CURRENT YEAR |
|-----------|--|----------------------|----------------------|
| 461 | Metered Water Revenue | \$ 18,737. <u>63</u> | \$ 13,929. <u>67</u> |
| 460 | Unmetered Water Revenue | | |
| 474 | Other Water Revenues | | |
| | TOTAL REVENUES | \$ | \$ |
| | | | |
| | OPERATING EXPENSES | | |
| 601 | Salaries and Wages | \$ 2141. <u>20</u> | \$ 2508. <u>20</u> |
| 610 | Purchased Water | 0 | 0 |
| 615 | Purchased Power | 2076. <u>64</u> | 3027. <u>33</u> |
| 618 | Chemicals | 0 | 0 |
| 620 | Repairs and Maintenance | 3264. <u>66</u> | 6408. <u>30</u> |
| 621 | Office Supplies and Expense | 250. <u>00</u> | 310. <u>00</u> |
| 630 | Outside Services | 0 | 0 |
| 635 | Water Testing | 1891. <u>29</u> | 2345. <u>00</u> |
| 641 | Rents | 0 | 0 |
| 650 | Transportation Expenses | 218. <u>00</u> | 1838. <u>58</u> |
| 657 | Insurance -- General Liability | 0 | |
| 659 | Insurance - Health and Life | 1698. <u>21</u> | 1462. <u>60</u> |
| 666 | Regulatory Commission Expense -- Rate Case | 0 | |
| 675 | Miscellaneous Expense | 0 | |
| 403 | Depreciation Expense | 0 | |
| 408 | Taxes Other Than Income | 0 | |
| 408.11 | Property Taxes | 1277. <u>18</u> | 1652. <u>58</u> |
| 409 | Income Tax | 75. <u>00</u> | 244. <u>00</u> |
| | TOTAL OPERATING EXPENSES | \$ | \$ |
| | | | |
| | OPERATING INCOME/(LOSS) | \$ | \$ |
| | | | |
| | OTHER INCOME/(EXPENSE) | | |
| 419 | Interest and Dividend Income | \$ | \$ |
| 421 | Non-Utility Income | | |
| 426 | Miscellaneous Non-Utility Expenses | | |
| 427 | Interest Expense | | |
| | TOTAL OTHER INCOME/(EXPENSE) | \$ | \$ |
| | | | |
| | NET INCOME/(LOSS) | \$ 31,629. <u>76</u> | \$ 33,726. <u>15</u> |

COMPANY NAME

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

| | LOAN #1 | LOAN #2 | LOAN #3 | LOAN #4 |
|------------------------|---------|---------|---------|---------|
| Date Issued | | | | |
| Source of Loan | | | | |
| ACC Decision No. | | | | |
| Reason for Loan | | | | |
| Dollar Amount Issued | \$ | \$ | \$ | \$ |
| Amount Outstanding | \$ | \$ | \$ | \$ |
| Date of Maturity | | | | |
| Interest Rate | % | % | % | % |
| Current Year Interest | \$ | \$ | \$ | \$ |
| Current Year Principle | \$ | \$ | \$ | \$ |

Meter Deposit Balance at Test Year End \$ _____

Meter Deposits Refunded During the Test Year \$ _____

| | |
|----------------|---|
| COMPANY NAME | |
| Name of System | ADEQ Public Water System Number (if applicable) |

WATER COMPANY PLANT DESCRIPTION

WELLS

| ADWR ID Number* | Pump Horsepower | Pump Yield (gpm) | Casing Depth (Feet) | Casing Diameter (Inches) | Meter Size (inches) | Year Drilled |
|-----------------|-----------------|------------------|---------------------|--------------------------|---------------------|--------------|
| 55-04-02036 | 15 | 80 | 440 | 12 | 3 | 1963 |
| | 10 | 55 | 440 | 12 | 3 | 1963 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

N/A

| Name or Description | Capacity (gpm) | Gallons Purchased or Obtained (in thousands) |
|---------------------|----------------|--|
| | — | |
| | | |

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|---------------|----------|-------------------|----------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| 5 | 1 | — | |
| | | | |
| | | | |
| | | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|---------------|----------|----------------|----------|
| Capacity | Quantity | Capacity | Quantity |
| 3,000 | 1 | 5,000 | 1 |
| | | | |
| | | | |

Note: If you are filing for more than one system, please provide separate sheets for each system.

| | |
|-----------------------|--|
| COMPANY NAME | |
| Name of System | ADEQ Public Water System Number (if applicable) |

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

| Size (in inches) | Material | Length (in feet) |
|------------------|----------|------------------|
| 2 | | |
| 3 | | |
| 4 | PVC | 7,460 |
| 5 | | |
| 6 | PVC | 6,800 |
| 8 | | |
| 10 | | |
| 12 | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

CUSTOMER METERS

| Size (in inches) | Quantity |
|------------------|----------|
| 5/8 X 3/4 | 36 |
| 3/4 | 3 |
| 1 | 7 |
| 1 1/2 | 3 |
| 2 | |
| Comp. 3 | |
| Turbo 3 | |
| Comp. 4 | |
| Tubo 4 | |
| Comp. 6 | |
| Tubo 6 | |
| | |
| | 49 |

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

N/A

OTHER:

N/A

Note: If you are filing for more than one system, please provide separate sheets for each system.

| | |
|----------------|---|
| COMPANY NAME: | |
| Name of System | ADEQ Public Water System Number (if applicable) |

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

| MONTH/YEAR | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) | GALLONS PUMPED (Thousands) | GALLONS PURCHASED (Thousands) |
|------------|---------------------|-----------------------------|-------------------------------|----------------------------------|
| JANUARY | 31 | 152,698 | 323,120 | |
| FEBRUARY | 30 | 148,438 | 728,230 | |
| MARCH | 31 | 179,681 | 352,440 | |
| APRIL | 31 | 286,326 | 491,700 | |
| MAY | 31 | 346,496 | 553,260 | |
| JUNE | 31 | 445,500 | 621,620 | |
| JULY | 31 | 456,109 | 603,370 | |
| AUGUST | 32 | 352,546 | 497,120 | |
| SEPTEMBER | 31 | 190,264 | 351,460 | |
| OCTOBER | 31 | 207,738 | 345,190 | |
| NOVEMBER | 33 | 246,443 | 386,110 | |
| DECEMBER | 34 | 193,990 | 240,770 | |
| TOTALS → | | 32,062,29 | 54,943,90 | |

What is the level of arsenic for each well on your system? .003 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☐ Yes ☒ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☐ No

If yes, provide the GPCPD amount:

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME _____ YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 1,652, 58

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

2006 FIRST HALF PAYMENT COUPON

Due October 1, 2006

SUNIZONA WATER CO

5-95-304 4 0117576

Frequency Date First Half Payment
Penalty for late payment is 16% per year prorated
monthly as of the 1st day of the month for
payments postmarked after **5:00 P.M.** November
2006 (ARS 42-18052 and ARS 42-18053).

If total property tax of \$100 or less must be paid
full using the first payment coupon, no later
than November 1, 2006 at **5:00 p.m.**

For taxes for the full year, send the 1st half coupon
with your payment postmarked no later than Dec. 31,
2006. Delinquent interest will be waived.

DETACH AND RETURN WITH PAYMENT



Make check payable to:
Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

Payment in U.S. FUNDS ONLY

| | | |
|----------------------|-------|----------|
| TO PAY 1ST HALF ONLY | PAY ▶ | 826.29 |
| TO PAY FULL YEAR TAX | PAY ▶ | 1,652.58 |

If your mortgage company makes your property
tax payments consider this notice as a courtesy
copy for your records only.



029259530400400000082629



Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

2006 9259530404 1 00000016525800000082629

SUNIZONA WATER COMPANY

5416 E. HWY 181
PEARCE, AZ 85625
520-824-3616

1452

DATE 10-2-06

91-525/1221

PAY
TO THE
ORDER OF Marsha Bonham

\$ 1,652.58

One thousand six hundred & fifty two & $\frac{58}{100}$

DOLLARS



SUNSTATE BANK
Sunsites Office
155 Frontage Road
Pearce, Az 85625

full year 2006

FOR Parcel # 925-95-304 4

M. D. Baker

MP

⑈001452⑈ ⑆122105252⑆ ⑈6011801097⑈

Tax 2006

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

MAR 19 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF Az
I, THE UNDERSIGNED
OF THE

| | |
|--------------------------------|---------------------------|
| COUNTY OF (COUNTY NAME) | <u>Cochise</u> |
| NAME (OWNER OR OFFICIAL) TITLE | <u>Owner</u> |
| COMPANY NAME | <u>Sanizona Water Co.</u> |

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| MONTH | DAY | YEAR |
|-------|-----|------|
| 12 | 31 | 2006 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

M. D. Bales

SIGNATURE OF OWNER OR OFFICIAL

520-824-3616

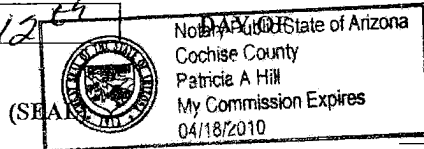
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

12th



| | |
|-------------|----------------|
| COUNTY NAME | <u>Cochise</u> |
| MONTH | <u>Mar</u> |
| | <u>2007</u> |

Patricia A Hill

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 4-18-2010

COMPANY NAME _____

YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____

Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____

Estimated or Actual State Tax Liability _____

244.00

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____

Amount of Gross-Up Tax Collected _____

Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

N. D. Bales

SIGNATURE

3-12-07

DATE

N. D. Bales

PRINTED NAME

Owner

TITLE

RECEIVED

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

MAR 19 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF

I, THE UNDERSIGNED

OF THE

| |
|--|
| COUNTY OF (COUNTY NAME) <i>Cochise</i> |
| NAME (OWNER OR OFFICIAL) TITLE <i>Owner</i> |
| COMPANY NAME <i>Arizona Water Co.</i> |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| MONTH | DAY | YEAR |
|-------|-----|------|
| 12 | 31 | 2006 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 29,647.23

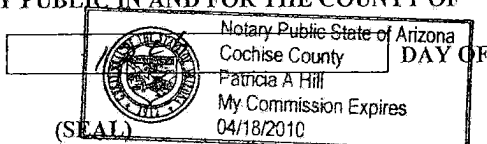
(THE AMOUNT IN BOX ABOVE
INCLUDES \$
IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



| | |
|-------------------------------|---------------------|
| COUNTY NAME <i>Cochise</i> | |
| MONTH <i>Mar</i> | YEAR <i>2007</i> |

Patricia A. Hill
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 4-18-2010

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only

RECEIVED

MAR 19 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

| | |
|---|-------|
| COUNTY OF (COUNTY NAME) <u>Cochise</u> | |
| NAME (OWNER OR OFFICIAL) <u>Owner</u> | TITLE |
| COMPANY NAME <u>Sanizona Water Co.</u> | |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2006 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 29,647.²³

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 29,647.²³

IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

M.D. Bales

SIGNATURE OF OWNER OR OFFICIAL

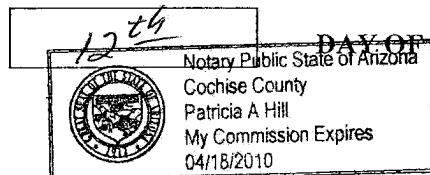
520-824-3616

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



(SEAL)

MY COMMISSION EXPIRES 4-18-2010

| | |
|---|--------------|
| NOTARY PUBLIC NAME <u>Patricia A. Hill</u> | |
| COUNTY NAME <u>Cochise</u> | |
| MONTH <u>MAY</u> | 20 <u>07</u> |

X Patricia A. Hill

SIGNATURE OF NOTARY PUBLIC